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## Meeting Minutes

### Utility-Sponsored DSM Programs Group

March 6, 2012

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**Moderator:**

Samantha Williams, Midwest Energy Efficiency Alliance

**DEDI Participant:**

Lee Colten

**Stakeholder Participants:**

EJ Clayton, AEP/KP  
Len Matheny, Atmos Energy  
Russ Pogue, Big Rivers  
Kristin Tracz, MACED  
Aaron Greenwell, PSC  
Dennis Howard, OAG  
Mike Moynahan, Comm. Action KY  
Mike Cobb, Owen Electric  
Judy Cooper, Columbia Gas

Rick Lovekamp, LG&E-KU  
Wallace McMullen, Sierra Club  
Mark Stallons, Owen Electric  
John Rogness, PSC  
Sara Smith, SMG  
Larry Cooke, OAG  
Kevin Bright, Duke Energy  
Herb Miller, Columbia Gas  
Scott Drake, East Kentucky Power Cooperative

**I. WELCOME, INTRODUCTIONS**

1. Welcome, introductions
2. Review of Dec. 2 discussions:
  - ❖ Had a good discussion, and a very open dialogue about the DSM statute, as well as the tariff filing process that the co-ops use to for their efficiency programs

At the end of the session, we all seemed to agree on a few key points, correct me if I'm wrong:

- ❖ IOUs believe the DSM statute works for them, benefits their consumers.
- ❖ Co-ops are working towards a way to resolve DSM filing with the PSC, whether through the statutory or tariff procedure.
- ❖ There may be some benefit to an expedited review process for certain kinds of DSM programs.

- ❖ Communication between the utilities and PSC is paramount to smooth program filing, review, and approval.
- 3. Opportunities to provide feedback outside group forum, contact Samantha by email, phone
- 4. Designation of group leader/reporter
  - ❖ Rick Lovekamp - LG&E-KU

## II. REFERENCE MATERIALS

### 1. Expedited Review Models in Other States:

- ❖ Participants in the December collaborative were interested in flexibility in DSM program filings, and reducing administrative burden
- ❖ Goal is to encourage enhancement and expansion of efficiency programs, both by IOUs and cooperatives
- ❖ One way other states have achieved flexibility is to shorten the administrative review of certain programs, either through a prescriptive expedited process, or a general expedited tariff review provision. The below are examples we reviewed in this call:
- ❖ *Pennsylvania* – Expedited review process to approve minor changes to already-approved efficiency programs
  - Elements:
    1. Prescriptive process
    2. Developed through public comment period
    3. Less than 2 months turn around on minor plan changes
    4. Provides opportunity for public intervention, comment, reply, and appeal.
- ❖ *Missouri* – Expedited Review provision set out in tariff filing
  - Request that tariff become effective in fewer than 30 days require Motion for Expedited Treatment
  - Elements:
    1. Motion
    2. Simple procedure
    3. PSC discretion
- Facilitator Question - What is the PSC's perspective on the Pennsylvania and Missouri models, and how might one of these be implemented in Kentucky? Utilities? Advocates?
- Aaron Greenwell (PSC)

\*\*\*Note - These comments are preliminary in nature and unofficial at this stage

- Penn is a restructured state, they don't know what the similarities are to Kentucky's DSM Statute
  - However, they are interested in whatever would help minimize the process and expense of process for utilities to file and get DSM programs approved
  - To the extent the utility would like to expedite something, the PSC would try to meet the request – more akin to Missouri's simple, non-prescriptive process
  - PSC probably could not process approval of anything more than two programs within a two month window
  - They are willing to be flexible though, and to make necessary changes in Kentucky to encourage greater efficiency
  - The PSC has heard in an informal fashion some of the concerns of Kentucky's utilities and advocates
  - If anything new is going to be developed in Kentucky relating to DSM, its success would depend in great part on whether the utilities thought it was worthwhile
- **Regulated Utility** – Flexibility is attractive
  - If they could reduce admin expense due to elimination of review, they would be interested in a model
  - When it comes to planning for DSM programs, logistically, the somewhat lengthy review process could create problems for program implementation.
  - For example, if they are waiting for the PSC's final order to come back, and are simultaneously seeking to secure a contract with a vendor, might be logistic issues that could create problems if the approval process is drawn out.
  - With respect to expedited filing process, as long as it met the PSC's needs it would be attractive.
  - Could see how this would be beneficial for either program approval, or for minor changes.
- **Facilitator Question to the PSC** – Please clarify whether the 2-month window is not enough time to approve whole programs, or does that also apply to minor changes as well?
- **Aaron Greenwell Response (PSC)**

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  - It could apply to either one. For the most part, the filings submitted by Duke, LG&E-KU, AEP (KP), and the particular requests they make in filings, are up to them.
  - They do have some annual reports and other things that are provided.

- From PSC perspective a lot of what is reported by Duke and AEP coincide with requirements they have in other jurisdictions (i.e., performance data reporting).
  - Short answer - They could address new start-up or minor changes in an informal way. To the extent the utility informs them that an application needs to be expedited, they will address it.
- **OAG Staff**

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  - A prescriptive expedited review process is not palatable to the OAG if the process has an absolute drop-dead date.
  - Some filings may take 6 months, some take 45 days.
  - They don't want to hold utilities back from implementing programs, but if there is an application to tweak an ongoing program, a drop-dead date to complete the comment and review process becomes extremely difficult for them.
  - They would rather have flexibility on a case-by-case basis than a codified process.
- **Aaron Greenwell Response (PSC)**

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  - Perhaps the utilities could respond. In 2011 they did filings, continuing some programs, dropping some, and adding some.
  - It took almost 7 months to process that case. The PSC could not have done it more expeditiously.
- **Regulated Utility**
  - From their perspective of going through the filing the PSC described above, they didn't expect the PSC to turn that around in a short time, because it was complicated.
  - The bulk of time though was devoted to communicating to parties even before the case was filed, through the collaborative process. That allowed them to establish the right programs and get them thoroughly pre-reviewed by ratepayers and intervenors.
  - Understands the PSC perspective – Not sure they'd ever be asking for quick turn around on new programs or tweaks on current programs, given that they go through such an extensive collaborative review process before filing.
  - However, there may be some times they'd want to change a certain incentive, react to market conditions, and would simply ask for that. They try to build some flexibility into their DSM programs so that these changes are a possibility moving forward.

- Other than requesting a minor tweak to a DSM program – which the PSC would likely do with just a simple request – the prescriptive expedited review process may not be useful.
- **OAG Staff**
  - \*\*\*Note - These comments are preliminary in nature and unofficial at this stage
  - The PSC staff already allows for expedited review in certain circumstances.
  - OAG would be concerned about setting out in stone what the expedited process would be.
- **Regulated Utility #2** – Agrees with what OAG staff has said.
  - The PSC has always been very accommodating with requests for flexibility, expediting.
  - The Pennsylvania approach deals with minor changes, and that PSC determined it was worthwhile to process those kinds of applications quickly.
  - As it stands now, without a prescriptive expedited process in place, this utility would go to advisory committee, see what they think about it, and then ask staff whether they should handle it through a formal or informal filing.
- **Regulated Utility #3** – If change is going to be small, they think the process they have now is working
- **Facilitator Comment** – So it looks like the IOUs, PSC and OAG are saying that the process in place is working, since it's already flexible.
- **Facilitator Question**– How is this process working for utilities filing under the tariff process? Is there value to expediting review?
- **Regulated Utility #4** – It's good to hear that IOUs think there is flexibility in the system.
  - From this utility's perspective, the Pennsylvania approach could be useful, but could also be a detriment.
  - Quite honestly, they'll have to move down the road and see how the current process works in order to determine whether the non-prescriptive flexibility approach is sufficient.
  - They are most interested in tariff filings that request minor changes, and will probably ask for an expedited review of those applications.
  - Something like changing the dollar value of a rebate would be nice to have expedited.
- **Facilitator Question**– So does that mean that the tariff process has a simple change procedure or not?

- **Regulated Utility #5** – Possibly. They have a process in place to review simple changes through their advisory group.
  - This year they will probably be going back to the PSC to ask for simple changes to tariffs to change their rebates.
  - Nothing else is changing in the process.
  - They hope that minor changes will be processed quickly.
  
- **Aaron Greenwell Response (PSC)**  
 \*\*\*Note - These comments are preliminary in nature and unofficial at this stage
  - To extent they get a filing, and it requests minor changes to a tariff, it's easier to address that than a broad filing like other recent cases requesting new programs.
  - Even though it's easier, however, when reviewing tariff filings they do follow some of the requirements that are prescribed in the DSM statute; for example, the extent to which the collaborative has been involved.
  - One of the utilities that files through the tariff process file on a somewhat regular basis a number of programs for either revision or renewal
  - The complicating issue that arises is when the utility proposes one thing for their tariff, but the member utilities then request something a bit different, resulting in a dozen different tariff filings.
  - Ideally, though, just as with the IOUs, the PSC could expedite tariff-filed DSM programs if the request is made.
  
- **Facilitator Question**– How should utilities make these requests for expediting?
  
- **Aaron Greenwell Response (PSC)**  
 \*\*\*Note - These comments are preliminary in nature and unofficial at this stage
  - Tariffs are decided in 30 days, unless they are converted to a case file.
  - The utility could request expedited review in the cover letter that comes with the tariff, so long as it's clearly stated what should be expedited, and asking when and why
  - They don't require a formal Motion to Expedite (unlike in the Missouri example above)
  
  - As an aside, the PSC is requiring that ALL utilities submit tariffs for certain DSM programs by March 29, 2012.

- The way they plan to handle those is, the programs will be deemed to be effective and will be allowed to continue until the next filing of the tariff or the rate case, whatever is appropriate to review.
  - This is to make sure that all tariffs that allow \$\$ to change hands are filed before the PSC.
  - That, however, is a separate issue from the normal procedure for program approval through either the DSM Statute or tariff process.
- Facilitator Question– Do the advocates have any comments on the above topics?
- **Advocate #1** – Prefer to defer to the utilities on this issue.
  - Members of some regulated utility collaboratives are concerned that the tariff filing procedure, in some cases with 16 different tariffs to reflect member utilities, significantly increases both utility and PSC case load
  - Having flexibility would be ideal.
  - On paper, it makes sense to codify a way to approach an expedited review process.
  - That being said, if utilities feel like the existing safeguards are sufficient, they will defer to them.
- **Advocate #2** – Agrees with the prior participant.
  - They would defer to the utilities on this.
- Facilitator Question– What is the possibility of having regular communication on procedure between the PSC and the utilities, to ensure these kinds of issues get addressed?
- **Aaron Greenwell Response (PSC)**

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  - The PSC is willing to have discussions with the utilities when they request.
  - PSC can also participate in a limited extent in forums, such as utility collaboratives.
  - However, they are limited in how they could address specific issues on cases that are before them, or specific things utilities want to bring before them.
  - Due process dictates that they would not be able to have *ex parte* communications that involve specific facts of pending or soon-to-be pending cases.

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- **OAG Staff Response**

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- It would be acceptable for the utilities to communicate with the PSC on procedural issues.
- However, once they start talking about case specifics, that would be unfair to the public.
- Even if the OAG were involved, that may exclude other intervenors, so that would not be in accordance with due process concerns.

2. **Quick Start Programs:**

- ❖ Some states have adopted a series of “Quick Start” programs to help utilities quickly get programs off the ground, and that can then be expanded to a broader and more comprehensive set of programs over a few years. For example, Arkansas
- ❖ Quick Start programs have been tested elsewhere, have proven to be effective in delivering measurable near-term benefits while simultaneously positioning program administrators to capture additional savings moving forward.

- **Facilitator Question**– How might this approach work in Kentucky?
  - How would this approach assist IOUs in expanding and enhancing their programs, if at all?
  - How would this assist cooperatives?

- **OAG Staff Response**

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- Quick Start looks similar to an expedited review process.
- What might work well for an RECC would be dead on arrival for an IOU.
- This approach may be too far ahead of them right now.
- The Minnesota Energy Department has cookie cutter programs and data metrics, with the California test on websites. Kentucky is not there yet.

- **Aaron Greenwell Response (PSC)**

\*\*\*Note - These comments are preliminary in nature and unofficial at this stage

- Out of the 7 programs that Arkansas identified as Quick Start, the IOUs, as well as the Coops already offer many of these.
- In this respect, Quick Start is not useful for Kentucky.



- Arkansas used Quick Start back in 2007, because their utilities were behind in implementing DSM programs. Kentucky is further along than Arkansas was.
  - That is not to say that some of these programs, and the review process, could not be used for KY in the future.
  - To the extent the utilities have gone to their collaborative, and have discussed issues with the AG, then it's fairly easy to expedite a case with the PSC.
  - They are open to any process that would aid utilities in offering more EE/DSM programs.
  - The PSC has strongly encouraged greater EE. They recognize there are limited \$\$ available for DSM.
  - The statutory requirement that programs be cost-effective is perhaps a drawback to DSM at times.
  - However, DSM is not just limited to California test. The PSC is more than willing to be flexible. They'll listen and are willing to help.
- **Regulated Utility**
    - Quite honestly, the coops have already had a Quick Start approach within their distribution member network.
    - They already share data and program results with each other, and the other co-ops file suit.
    - While some philosophies are a little different within the network, they are *de facto* doing Quick Start already.

### 3. Topics to address in Meeting 2, March 22